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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000020

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SUBJECT: A VIEW FROM OUTSIDE TAIPEI: TAOYUAN MAGISTRATE
ERIC CHU ON TAIWAN POLITICS, PRESIDENTIAL RACE

Classified By: AIT Acting Director Robert S. Wang,
Reasons: 1.4 (b/d)

¶1. (C) Summary: A group of younger KMT leaders are trying to encourage faltering KMT Chairman and presidential hopeful Ma Ying-jeou to exert greater leadership over the party, according to Taoyuan Magistrate and rising KMT star Eric Chu. They are also trying to convince Ma to increase KMT chances of returning to power in 2008 by combining forces with Legislative Yuan (LY) Speaker Wang Jin-pyng and accepting Wang as his vice presidential running mate. End Summary.

¶2. (C) The Acting Director met with Taoyuan County Magistrate Eric Chu (Li-lun) on December 21 to discuss party politics and the upcoming 2007-2008 legislative and presidential elections. Chu, one of the most highly regarded local leaders in Taiwan and a rising star in the KMT, is a close associate of KMT Chairman Ma Ying-jeou.

Taoyuan: Wave of Taiwan's Future

¶3. (U) Taoyuan booster Eric Chu described his county as the wave of Taiwan's future. Chu, a native of Taoyuan who studied in the U.S., described Taoyuan as among the most international of Taiwan's counties, with 150,000 foreigners among its 2.5 million residents. Many of these foreigners work in the high-tech industries that have grown up around Taoyuan (formerly Chiang Kai-shek) International Airport.

¶4. (C) Arguing that island politics bubble up from the local level, Chu claimed that Taoyuan politics are already where Taiwan is headed. Taoyuan has a strong two-party system led by Taiwan's two major political parties, the Kuomintang (KMT) and the Democratic Progressive Party (DPP). Two smaller parties, the People First Party (PFP) and the Taiwan Solidarity Union (TSU), have virtually no presence in Taoyuan, he noted. Rather, these two more radical parties have already declined precipitously in Taoyuan -- the PFP going from eight county councilors in 2001 to zero in 2005 -- presaging their decline in the recent Taipei and Kaohsiung municipal elections. The result of this two-party trend is that Taoyuan politics tends to be moderate and centrist, with good inter-party cooperation. Chu noted with pride that the

59-member Taoyuan County Council -- 34 KMT, 15 DPP, 10 non-party -- passed his 2007 budget proposal intact and with little discord.

The View from Taoyuan

15. (C) Viewed from outside Taipei, Chu said, two-party politics is the trend of the future. The KMT's pan-Blue coalition partner, PFP, for example, is not really a significant constraint on the KMT, even at the national level. Chu dismissed PFP bargaining and threats as "just bluffing." In response to ADIR's comment that Chairman Ma seemed to believe otherwise, given his efforts to cater to the PFP in order to maintain the pan-Blue legislative majority, Chu again insisted the PFP is not important. PFP "blackmail" over KMT property would not work because PFP elders themselves are implicit in the KMT party assets issue.

For the PFP to support the DPP's attack on KMT assets, moreover, would be political suicide since the PFP would lose its remaining Deep Blue supporters. To ADIR's comment that KMT-PFP splits had damaged the KMT in the past, Chu replied that Blue politics in the future would be decided not by how deep or light Blue, but how strong, a candidate is. Anyway, he said, PFP Chairman James Soong is already in his "political grave," and the PFP will fare badly in next year's legislative election in which the number of LY seats will be halved.

16. (C) To win the 2007 LY and 2008 presidential elections, Chu said, the KMT must focus on both the at-large LY seats and the many government positions that will be available if the KMT wins the presidency. This would enable the KMT to

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both avoid internal warfare over the reduced number of LY seats in 2007 elections and to coax PFP legislators back into the KMT fold without having to give them any of the precious LY nominations.

Ma as Leader

17. (C) The main issue facing the KMT in the run up to the 2008 presidential election, Chu suggested, is whether Ma Ying-jeou can prove himself to be a strong leader. While Ma has long been out in front in public opinion polls, his lead in recent weeks has dwindled. Ma must not repeat the performances of KMT Chairman Lien Chan and Huang Chun-ying, who were both far out in front in public opinion polls before the 2004 presidential and last month's Kaohsiung mayoral elections, but both of whom lost by sitting and waiting for seemingly certain victory to drop into their laps. Ma may still be in the lead, Chu said, but with DPP Premier Su Tseng-chang and former Premier Frank Hsieh both showing

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approval ratings over 20 percent, Ma's 50 percent approval no longer appears insurmountable, particularly if Su and Hsieh are able to unite forces and cooperate. Ma, Chu stressed, must aggressively lead the party to victory in the 2007 LY and 2008 presidential elections.

18. (C) The challenge, Chu observed, is for Ma to establish effective leadership over the party and restore his own public standing. If Ma fails this test over the coming months, he will also fail in his effort to win the presidency. Noting that many KMT members complain Ma is aloof and has few close friends, ADIR asked Chu whom Ma would turn to for help in his campaign. Chu responded that both he and Taichung Mayor Jason Hu are long-term friends and supporters of Ma. ADIR then asked if the recent public criticisms of Ma by both Chu and Hu indicated divisions within the KMT, as the press intimated. Chu strongly denied that their criticisms reflected internal divisions. On the contrary, he, Hu and Ma represent the new KMT, a more open

and democratic KMT in which there is room for differences and criticism. His and Hu's purpose, Chu stressed, was merely to rouse Ma and get him moving on the right path.

¶9. (C) Ma is the KMT's only viable presidential option, Chu argued. "We have no one else; there is no other choice." Regarding recent intimations that LY Speaker Wang Jin-pyng might run for president, Chu told ADIR that he had recently met with Wang, whom he calls "Uncle" because of long family connections. In that meeting, he told Wang that Ma is the only viable hope for the KMT to regain power in 2008. Wang, he said, is a very pragmatic politician who knows this full well, but is trying to bargain a role for himself, perhaps as Vice President. (Note: Close Wang advisor Chiang Min-chin told AIT last week that Wang would probably accept the vice presidential nomination if Ma offered it to him, explaining that Wang is keeping his distance from Ma and playing hard to get to improve his own bargaining position. End Note.) "Uncle," Chu said he told Wang, "you know your record. How could you win the presidency?", telling ADIR that Wang would not even be able to win in his home turf in Kaohsiung. The real problem, Chu told ADIR, is whether Ma would accept Wang. He and Jason Hu, Chu continued, are trying to build a bridge between Ma and Wang, since both see a Ma-Wang ticket as the best chance for KMT victory in 2008.

¶10. (C) What if Ma is indicted in the Taipei mayoral special budget case, ADIR asked. That, Chu responded, would be a "political typhoon" for Taiwan, as most mayors and county magistrates retain their special budgets just as Ma did. The difference is that Ma donated his money to charity, a "legal" use of the funds, Chu argued. Chu said the "political typhoon" would be so catastrophic to Taiwan's political system that prosecution of Ma is unthinkable. Nevertheless, he acknowledged ADIR's point that the public prosecutor investigating Ma is independent and will probably not be influenced by these practical political considerations.

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New KMT

¶11. (C) Today's KMT, Chu told ADIR, is different from the old KMT. In the new KMT, led by Ma, Jason Hu, and himself, there is room for public discussion and criticism. "We should be critical of Ma these few months," he said, "to prepare him to run for the presidency." (Note: On this new, more pragmatic KMT, legislator Ting Shou-chung told AIT recently that the party has already modified its stance and no longer supports unification in the near term. Ting also echoed Eric Chu in stressing that KMT legislators, even those like himself who have differences with Ma, see no other option, "We all support Ma and want him to win the presidency," even while calling for Ma to change and be more open to his own party. End Note.)

Comment

¶12. (C) Ma's public opinion polls have fallen from his stratospheric approval ratings a year ago, and he faces rising ratings for Premier Su and Frank Hsieh, who could find a way to cooperate and challenge Ma. While the criticisms of Ma by long-time friends Eric Chu and Jason Hu may be as well-intentioned as Chu claims, those of many KMT legislators are less benevolent and may reflect nascent internal jockeying in the aftermath of the somewhat unexpected KMT loss in the December 9 Kaohsiung mayoral election.

WANG